

WEDNESDAY

REGULAR MEETING

7:00 P.M.

JULY 11, 2012

This Regular Meeting of Council was called to order on the above-stated date at the above-stated time after the Pledge of Allegiance and a Moment of Silence by President of Council Darryl Segina with the following Members of Council present:

**RC-1 PRESENT: ALFRED TEDESCO, JR., DANIEL CARR,
DALE McCALL, RICHARD
DELLAPENNA, KEITH SOLES, FAWN
WALKER-MONTGOMERY, DARRYL
SEGINA**

Mr. Segina said also present were Mayor Michael Cherepko, City Administrator Matthew Gergely, City Solicitor J. Jason Elash and members of the Administration. He said the Sergeant-at-Arms this evening is Detective Joe Osinski.

APPROVAL OF MINUTES:

**MOTION: Mr. Tedesco moved, seconded by Mr.
Dellapenna, "To approve the minutes for the
Regular Meeting of Council on June 6, 2012."**

**RC-2 YEAS: TEDESCO, CARR, McCALL, DELLAPENNA,
SOLES, WALKER-MONTGOMERY, SEGINA 7**

NAYS: NONE..... 0

COMMUNICATIONS:

- Received a letter from Raymond Malinchak, City Controller, RE: MIDA Lease Letter.
- Received a copy of a letter sent by Dennis Pittman to the Honorable Darryl Segina, RE: Lease Space – 502 Fifth Avenue, Suite 409.
 - Mr. Segina said has the Mayor resolved this particular problem yet or is he in the process of resolving it.
 - Mayor Cherepko said yes, as he said in the last meeting, he extended the lease for an additional 30 days and they have until the end of July 2012.
 - Mr. Segina said it is not resolved then.
- Received notification from ARAD that their RADical Days this year are being held September 22 through October 7.
- Received the report of 2011 Revenues and Expenses from McKeesport Industrial Development Authority.
- Received the monthly Police Report from Police Chief Bryan Washowich.
- Received the Fire Report for the month of June from the Fire Chief Kevin Lust.

MAYOR'S REPORT:

- Mayor Cherepko said all he has for his report ... as he said last evening, he wasn't going to have a report and pretty much said what he needed to say yesterday in order to save time so that they could attend a very important event this evening at 8:00 p.m. He said they do have Alan Friday from the Muscular Dystrophy Association who is here to present a

Proclamation along with the Mayor for the Firefighters for their contribution regarding what they have done in going above and beyond their call of duty in order to help collect contributions for the Muscular Dystrophy Association. He said if Mr. Friday would like to come up and read the Proclamation please.

- Mr. Friday said thank you very much and proceeded to read the following Proclamation:

Proclamation

Whereas fighting fires is one of the most hazardous professions requiring physical strength, stamina, extensive training, courage and self concern for the welfare of our citizens, and

Whereas in addition to their daily service to communities, Firefighters throughout the state and across the nation have joined the Muscular Dystrophy Association for over 55 years in the fight against neuro-muscular diseases, and

Whereas the McKeesport Firefighters Local 10 collected \$1,200.00 throughout the community with their 2011 Fill the Boot Campaign for the Muscular Dystrophy Association, and

Whereas the Muscular Dystrophy Association is extremely grateful to the McKeesport Firefighters Local 10 for their support and dedication, and

Whereas the funds collected by the McKeesport Firefighters Local 10 assist MDA in providing medical services at local clinics and help provide funding for summer camps, research grants, support groups and public education seminars at no cost to local children and families, and

Whereas in honor of the efforts of the McKeesport Firefighters Local 10, the Muscular Dystrophy Association is sponsoring McKeesport Firefighters Local 10 Appreciation Month, and

Whereas it is appropriate for all McKeesport citizens to join the Muscular Dystrophy Association in this tribute to our Firefighters.

Now, therefore, be it resolved that the City of McKeesport does hereby proclaim the month of August 2012, McKeesport Firefighters Local 10 Appreciation Month, and commend the McKeesport Firefighters Local 10 for their efforts on behalf of the Muscular Dystrophy Association.

- Mayor Cherepko said that concludes his report.
- Mr. Segina said he has a question for the Mayor. He said in February, the Mayor spoke in ominous terms about the impending budget crisis and in May, he asked the Mayor if he would give them a report after the first six months, which would be now. He said is the Mayor prepared to give any kind of report on that?
- Mayor Cherepko said no, he will be honest with Mr. Segina, in light of everything that has taken place, it is still pretty much where they are ... the numbers that he has thrown out here numerous times are still fairly accurate. He said he thinks in the next month or two they should have a much better understanding of where they are. He said he thinks it is difficult to get a grasp. He said he knows last month when they looked at the numbers of what was spent, the expenditures and revenues look good, but he thinks that what they forget is that the vast majority of their revenues come in the first half of the year. He said now they are in the second half of the year, the revenues should slow down dramatically and they will have a better understanding

of where they are. He said he thinks his numbers are still holding true, to where it is not looking very pretty at the end of the year. He said they will find out in the near future. He said he will be able to give them a more accurate report ... he also wants them to know that he is actually looking and meeting with some experts to sit down and try to take this budget and dissect it to look at it closely, at each item and to come up with not only a one year plan but also a three-, four- or five-year plan with all of the inherent expenses, not the ones they can't see – the unknown ones, but more of the bargaining agreement expenses and things of that nature. He said he would like to analyze the revenues and then put together a three-, four-, or five-year plan.

- Mr. Segina said if there is any help that this Council can offer him, he would gladly convene a meeting so they can all get together and go over this budget whenever it seems fit for the Mayor.
- Mayor Cherepko said okay.
- Mr. Segina said the other thing he has to ask him is that in March the Mayor said he was going to increase the war on delinquent taxes.
- Mayor Cherepko said yes.
- Mr. Segina said is there anything that the Mayor can report to them on that particular item.
- Mayor Cherepko said he does not have the numbers with him but from what he is looking at, the delinquency collection rate has increased dramatically. He said they have seen a huge increase in the collection of delinquencies from what they were seeing in prior years. He said he doesn't have the numbers

right off hand but he will get those numbers to Mr. Segina.

- Mr. Segina said, in looking at the budget, the only thing he saw there that was very dramatic was the Business Privilege Tax collection. He said they budgeted \$500,000 and they now have \$502,000. He said however, they are pretty lax in the other areas. He said he is concerned that he doesn't know what Keystone Collections is doing with it. He said mainly because they never got a report from them yet. He said this is going on their sixth year and they never got a monthly report on this. He said he thinks there was some brouhaha about that a couple of years ago. He said they had three meetings with them and they promised them that they would start sending them monthly reports. He said up to this date, they still have not gotten anything. He said so they are in the dark as to what they are receiving and whether they are getting their money's worth coming out of Keystone Collections.
- Mayor Cherepko said he knows they send periodic reports and he knows the collections they are doing now are reported weekly. He said they are part of their EIT collections. He said they are not collecting for all the different municipalities but it is something they need to look at. He said he noticed that number too and there is no question that it caught his eye when he went through those numbers and they seemed lower than what they should be, at least according to what was budgeted. He said he has to look and see if the numbers he has didn't have what they collected last year to see if that number was fairly realistic when they budgeted this year. He said he will look into that. He said he does want to go on record and say that Mr. Gergely has done an absolutely wonderful job in reaching out to these businesses regarding their

Business Privilege Taxes. He said there is no question in his mind that the reason they have already collected over the budgeted amount is purely because of Mr. Gergely's actions. He said he thinks they need to know that he is on top of that, it was something they wanted to do and it is something he has taken very seriously. He said he publicly and personally wants to applaud him for that and thank him.

- Mr. Segina said yea Matt. He said he is serious. He said he is not trying to be critical. He said he is trying to be helpful in this and that is why he is letting the Mayor know that he has been watching this budget. He said the other figures they had on the revenue side, especially in the delinquent taxes, have been less than 50% and 50% of the year is gone now. He said that is what he gauges it by, the Business Privilege Tax has gone up and if that is the reason, then he congratulates Matt for that. He said, by the same token, he thinks they have to increase the revenues in other areas too and the Mayor can't sit back and say well they are going to have a problem. He said they have to attack the problem now before it is too late. He said they are already in July and the final part of the year really, so it is time they do that. He said on the expenditure side, he knows a lot of the costs are fixed. He said one of the things that attracted his eye was on the Public Safety side of it where the expenditures on overtime, especially in the Fire Department, and he thinks he knows the reason is because the Mayor mentioned it to him once before ... are over budget right now. He said it is significant to the point where they might triple the amount of overtime in the Fire Department. He said in the Police Department, they are almost at that goal of overtime. He said now he doesn't know if they are looking at

- Mayor Cherepko said if he may, the Police Department is well under budget on their overtime and has done a tremendous job. He said he thinks that also needs to be noted. He said they are not even close to their budget on overtime and they are halfway through the year. He said a lot has been because of individuals on the Police Department. He said a lot of the men, women, and supervisors fill in on turns they are not supposed to be on and are volunteering to work those turns. He said some of them are daylight supervisors. He said they have done a tremendous job and he personally thanks each and every one of those supervisors who have done that. He said once again ... he doesn't know what Mr. Segina is looking at.
- Mr. Segina said if he misread that, excuse him if he did.
- Mayor Cherepko said that is why he wanted to correct him.
- Mr. Segina said he did read it and was looking at the overtime but may have seen another figure. He said he apologizes to the Chief if that is the case and if he wants to say something about it, he can go ahead.
- Mayor Cherepko said he doesn't even believe that it is
- Chief Washowich said if Mr. Segina is looking at the line item on the budget, he is going to read it as a high number but the majority of that overtime is reimbursed. He said Mr. Segina should look at the attachment he sent.
- Mr. Segina said so he was not wrong, the figure was there.
- Chief Washowich said the total amount of overtime for the year is \$9,900.00.

- Mayor Cherepko said that is the real number, because overtime is also considered Daynet
- Chief Washowich said they are at \$155,000, but the City's expense is \$9,900 because the majority of the money is all reimbursements.
- Mr. Segina said he is sorry. He said even so, now he is aware of it and he is hoping everyone else is aware of it. He said that is only part of the expenditures ... a very small amount though because they have a \$19 million budget. He said there are other expenditures that each of the department directors should be looking at right now and looking to see where they can cut down or make sure that whatever they are buying is very prudent for the City of McKeesport and something they really need.
- Mayor Cherepko said Mr. Segina is exactly right.
- Mr. Segina said because Mike will get the headache at the end of the year and will have to come up with something.
- Mayor Cherepko said they have been consistently addressing this issue because they know at the end of the year what it comes down to. He said they literally sat down with the update after the first of the year, which they just got on last Friday or Saturday, they said they would sit down and take that to a whole other level and be aggressive just like he just said so that they are not struggling in October, November and December. He said they want to be proactive and get on it. He said they have been but want to take it to another level now that they have each item itemized.
- Mr. Segina said he again offers his assistance on behalf of Council he is sure each one of them would like to be in on this budget so that they all understand what is

going on with it. He said they are in this together and are responsible for it too.

- Mayor Cherepko said absolutely. He said they will do that and he appreciates that. He said also just to elaborate, it is exactly as he just said, their department heads are pretty much going to Matt for just about everything. He said even little things such as sticks in the yard for postings of vacant property acquisition. He said they were not going to purchase those sticks until they ran it before Matt. He said even the littlest things, everything is run through Matt first.
- Mr. Segina said he thinks the big thing right now is the awareness of the problems they will be facing. He said thank you and is that all he has to report.
- Mayor Cherepko said yes.
- Mr. Malinchak said he would like to comment on the delinquent taxes. He said if they recall, at least four, five or six years ago, he tried to get Keystone Municipal Services to issue monthly reports and he doesn't know how many times he sent them the format. He said he even volunteered to go there and do it. He said the response to that was that they threatened to sue him in a letter. He said right now the City has over \$8 million in delinquent taxes and he recognizes that probably 95% or more of that is never going to be collected. He said they have no idea. He said he remembers distinctly Mr. Segina asked a question when he was sitting over there whether anyone was pursuing the possibility of attaching rents of renters when their property owners are delinquent on their taxes. He said he remembers distinctly that there were 29 that Mr. Elash was going to look into. He said what happened. He said did they ever collect or attach any renters property because the property owner was delinquent? He said they don't know. He said that is in Keystone's

contract. He said that is a contractual obligation that they should be pursuing.

- Mr. Segina said they did promise here and Mike was not the Mayor at that time, he thinks Jim Brewster was the Mayor. He said he thinks the subject was brought up through all three Mayors that he has been associated with. He said Mike is now sitting in that seat. He said is there some way that they can find out whether they are getting fruitful experience with this guy by getting these reports and letting them know what is going on? He said otherwise, he would like to bring it up that they go to someone else if they can't get any kind of report from him, which he thinks they should have.
- Mayor Cherepko said absolutely. He said he will tell them this, because that number was what it was on the expense for what they have done on the first six months, he can assure him that he will get in touch with them and see exactly what they collected this year, what is out there and what they are pursuing.
- Mr. Segina said he would like to see it too so they can scrutinize it based on their past experience and see what they are doing for the City of McKeesport. He said if he looks at the numbers, and he might have misread it again, but he knows that outside of Business Privilege Tax, everything else is around 25 – 26% in collections. He said that means if Matt was doing Business Privilege Tax, then Matt is doing a helluva job but Keystone is not. He said he knows he was in the collection business at one time but there is a tendency in that particular business to cherry pick. He said what they do is pick out the most recent ones they are given and go after them because the older ones are harder to get.
- Mayor Cherepko said real estate

- Mr. Malinchak said also another issue there that was brought up was that they should publish the names in the newspaper. He said the counter argument to that is that they would be using selective enforcement, which could be illegal. He said again, they have no record of what is going on and they have over \$8 million in delinquencies. He said he also hears from other communities that they are encountering similar difficulties. He said why wouldn't they be getting monthly reports of something that he asked for six or seven years ago. He said he doesn't understand that.
- Mr. Segina said he just asked the Mayor now and he is hoping that he does get that report so they can then see if what they are getting an honest count and what they should be getting.
- Mr. Tedesco said maybe Mr. Elash can answer this.
- Mr. Elash said he would like to interject on the comments that were made. He said there was a question and it had to be four or five years ago about attaching rents and Mr. Malinchak was provided a list of the actions that had been filed. He said there were five or six that were filed.
- Mr. Malinchak said he never got a copy of that.
- Mr. Elash said it was provided at the next month's Council Meeting when that question came up. He said just to clarify, Kratzenberg sends them a report every single month of what they have collected, itemizing the amounts, the taxpayers, and the accounts because they have to post that all to the MUNI system. He said so they get a report every single month. He said it is just not the report in the format that Mr. Malinchak is asking for. He said that has been a disconnect there. He said it is not like they are refusing to send them anything.

- Mayor Cherepko said the one thing
- Mr. Elash said Keystone sends them everything they send every community.
- Mr. Segina said that is fine
- Mayor Cherepko said he thinks in addition he would like to know is what is outlying and what they are pursuing.
- Mr. Segina said why can't this Council get a report of that.
- Mr. Malinchak said that is exactly what he asked for. He said he asked for the total amount of accounts they have, the total dollars, total principal, total interest, what they give the City and what they charge them. He said that is exactly what he asked for. He said he would like to ask for one other thing too, Mr. Segina. He said they have an outstanding issue with the Auditor on how the percentage is being collected.
- Mr. Segina said with what.
- Mr. Malinchak said how the percentage is being collected by Keystone, who is being billed for it. He said that is a finding in the auditor's report.
- Mayor Cherepko said it is a tentative finding.
- Mr. Malinchak said the Mayor
- Mayor Cherepko said while he is as excited as Mr. Malinchak to have the Auditor finalize things and give them actual findings, until they get anything in writing
- Mr. Malinchak said to tell the Mayor the truth, he doesn't know all the details but the auditor was not comfortable with it.

- Mayor Cherepko said yes. He said there was something that they talked about and his understanding was it was not being done that way. He said but until he actually has the concrete findings in writing, then if these are their findings then they can address the issue.
- Mr. Malinchak said that is another issue that the Council President should be aware of.
- Mr. Segina said if the \$8 million is outstanding then there is a virtual gold mine there and probably they could not collect the full \$8 million because there are a lot of them that are really too old.
- Mayor Cherepko said relatively speaking
- Mr. Malinchak said well they are not
- Mr. Segina said if they could get a tenth of that then there is some progress and that would really help this City because it is a kind of revenue that they are not really depending on but it would be falling out of the sky over them. He said that is why he thinks it is imperative. He said if Kratzenberg is sending reports, then let Council look at them and see what is going on because they eventually have to vote on another contract. He said he also wants to see when that contract expires.
- Mr. Tedesco said that is his question to Mr. Elash. He said what is the status of their contract.
- Mr. Elash said he is not positive exactly when that contract expires. He said he would have to look at the contract. He said he believes there is at least a year left on all of their contracts. He said some of them were just recently passed in June.

- Mr. Tedesco said he has been here two and a half years and he has never voted on one. He said they predate him.
- Mr. Elash said he will look at that and get that information to him.
- Mr. Tedesco said if he can be of any help to them on that, he has experience in the collection field.
- Mayor Cherepko said he will extend this to Mr. Tedesco, if he has any tips or anything that he thinks could be done, he would welcome them with open arms. He said please let them know. He said there are some large numbers that just came in recently that they think they can get their hands on although he doesn't want to go into who the entities are but they just had one ... he knows he can't and he is not going to. He said it is \$170,000 on one.
- Mr. Segina said these are things he saw.
- Mayor Cherepko said they are going after them so they may be able to ... if they are talking about hitting the nail on the head or hitting a gold mine, with things that are unexpected, they can hit this one and it is almost \$200,000.
- Mr. Segina said they need Kratzenberg's cooperation and need to know what they are doing.
- Mr. Tedesco said based on his experience, he has dealt with Keystone amongst other collection agencies through the County and reports were a little difficult with them and that was with the County. He said he is just going by his experience with them in the County.
- Mr. Segina said he thinks they should be accountable to the City. He said if they are doing the job then great, that is good. He said there is no problem with him on

it but he would like to see the results of what they are paying for. He said they are paying and he is not sure whether they are taking fees out for their work and passing it on to the taxpayer or if the City is paying those fees. He said they have an ordinance they passed a long time ago.

- Mr. Elash said it changes for each type of tax. He said there are differences in what is allowed and what is not, and each contract is different. He said that is what Mr. Malinchak was talking about because there was some confusion on the part of the Auditor as to whether it should be a flat fee or should it be charged to the taxpayer on certain types of taxes. He said they have a handle on that he believes. He said Rose Harr contacted the auditor. He said it was his understanding that it has all been rectified and that there was no issue.
- Mr. Malinchak said he does have one issue. He said if they remember years ago, he brought up to Council that there is a possibility that they could sell these \$8 million worth of liens. He said he spoke to a gentleman down in Uniontown who sold the liens for some government entity and he referred him to a gentleman in New Jersey whom he called. This gentleman was a former employee of GLS. He said there is a possibility that these liens can be marketed. He said however just because they give them the liens, they don't have to accept their offer. He said he has to agree with them that if they get 10% or even 5%, they just created a miracle.
- Mayor Cherepko said with that being said, he wants him to know that they are looking down that path. He said to be honest, these guys do their homework. He said as Mr. Malinchak just said, and he doesn't want to go on record and say this is for sure, but at this point if

someone wants to give him \$1 million for them, they can have them all.

- Mr. Malinchak said he better take them immediately. He said after they take it, they are going to be mad at him.
- Mayor Cherepko said that is the problem they will run into because these people do their homework and they are not going to walk in here and
- Mr. Malinchak said they have to make money.
- Mr. Segina said along with the Mayor's status report on the budget could he give them also a report on what is going on with the collections both in-house and with Keystone Collections. He said he thinks Keystone has to do a selling job on them to get back in their favor. He said he is kind of on the negative side regarding them right now.
- Mayor Cherepko said the one thing that his Administration has done is that they are not even worrying about forwarding over 2011 to Keystone yet. He said his goal is for the City to monitor it first-hand. He said they can take care of all the 2011 that they can and what they don't collect by the end of the year, they can turn over to Keystone. He said that is how they are trying to do it. He said it is not that he trusts them more, but he wants to see if they can do it first-hand and he likes their chances and likes what he sees so far. He said he would like to get all the numbers broken down and right now he is getting one large number for the amount they have collected this year. He said he wants to see what is a Municipal Service fee, earned income tax, real estate or whatever. He said he wants to break it all down. He said their real estate tax is pretty much was all due and is in for this year. He said if they look at that number, about 80% of that is

collected. He said they need to focus on that now. He said realistically speaking, he doesn't think they will hit 100% and they all know that but they do have about 80% and that is what he is talking about how their revenues have come in. He said for the most part, generally speaking, whatever real estate tax they have collected at this point is pretty much all they are going to collect other than some odds and ends which will be a couple of dollars. He said that is where they are aligned. He said they are right with the other numbers being low. He said they need to jump on the delinquencies, no question.

- Mr. Segina said he doesn't know if there is any better collection agency because he has never checked into these things. He said he has nothing against Kratzenberg except that he would like to see accountability from them and see if they are getting their best buck out of it.
- Mayor Cherepko said the thing that is kind of mind boggling to him is that if they don't collect it, they don't make money. He said it is not like they have a contract with them and they are paying them \$50,000. He said all of the money they make on this is based on their collections. He said you would think that they are aggressively pursuing these but
- Mr. Segina said one would think, but they don't show in the budget in the printout. He said they don't show there.
- Mayor Cherepko said they don't make a dime from the City.
- Mr. Segina said could he look into that and see if they can get reports from them and some kind of update on what they are doing there so they can He said he would feel more comfortable with them because they

have been with the City for so long. He said if not, then he thinks it is a time for a change.

- Mayor Cherepko said some of the recent ones, the large number he just told them about, that was brought to his attention by them. He said they did not get it yet so it is what it is and told them to get it. He said he told them let's go full steam ahead. He said it is \$170,000 plus.
- Mr. Segina said he doesn't want them to think that they are one of all the other communities. He said he wants them think McKeesport, that is who they contracted. He said one person they contracted, one person, Kratzenberg for McKeesport. He said he wants them to emphasize this town and pick them up a little bit. He said that is where the gold is. He said anytime they have delinquents like that, and he is sorry to take up so much time but he thought it was important to address. He said they will go to Council Reports now.

COUNCIL REPORTS:

- Mr. Tedesco said he has one more question. He said last night and a couple times through the year, the Mayor made mention of bills from last year that went unpaid and he is going to have to pay them this year. He said if the Mayor can give them a document showing what these bills are and how much they are, it would help. He said he doesn't know whether Mr. Gergely can do that.
- Mayor Cherepko said he doesn't know if he is asking
- Mr. Tedesco said just so they can
- Mayor Cherepko said it would be nice to have a copy of these ones they paid that they
- Mr. Tedesco said he thinks they all would like to see what

- Mr. Segina said he thinks he is talking about a breakdown of \$100,000, right.
- Mr. Tedesco said not just that, he thinks it is more than that.
- Mayor Cherepko said they probably had a couple hundred thousand dollars billed
- Mr. Segina said he means the last \$100,000 that they approved last month.
- Mayor Cherepko said no, he is not talking about that. He is saying
- Mr. Tedesco said he means a list of them all.
- Mayor Cherepko said they knew what they spent up to that point whatever is excess is still sitting there at this point. He said they have not spent anything out of that as far as he knows, out of the miscellaneous that the \$100,000 they switched up. He said they just did what they said. He said he is talking about out of the General Fund. He said there is a bill that popped up, like Bruce Dice popped up.
- Mr. Gergely said that money was already allotted and was approved by Council.
- Mayor Cherepko said no ... Darryl stepped in and A.J. is not talking about that. He said A.J. is talking about all the bills from January. He said there are bills they kept saying that are bills from last year.
- Mr. Gergely said Bruce Dice would not be one of them.
- Mr. Malinchak said he saw a bill come in there from February 2011. He said he doesn't know whether it fell in a crack or whether they mailed it out late and they are trying to embarrass the Mayor.

- Mayor Cherepko said is he wrong, Mr. Malinchak, in saying that was just recently.
- Mr. Malinchak said that is correct.
- Mr. Tedesco said they would like an itemized report.
- Mayor Cherepko said it would be nice to break down numbers and say they got a bill from this, etc.
- Mr. Gergely said maybe they could give them a ballpark on that.
- Mayor Cherepko said there were a lot that they got in January and February that they subtracted and he doesn't know whether they can try to find out where those were. He said they have two months and they can work on that.
- Mr. Malinchak said he doesn't know how many bills they got from Mr. Dice but it was more than one.
- Mr. Gergely said that is what he is saying, that is an example of what he is talking about right. He said no problem.
- Mr. Tedesco said he doesn't know when they are getting out of here so he will ask this now. He said as far as Bill #56, is that going to need a concurring opinion.
- Mr. Elash said that is already on the way.
- Mr. Tedesco said so it is already on the way.
- Mr. Elash said it has already been approved by the attorneys and they will read the Ordinance and extract an opinion. He said when they send it to M & T, the opinion has to accompany it.

- Mr. Tedesco said the Mayor said this will have to be done every year for at least the next three years.
- Mayor Cherepko said every single year for the next three years. He said it was set up in an escrow to pay off their debt terms.
- Mr. Tedesco said they don't pay for that concurring opinion because that was already set in the original agreement.
- Mayor Cherepko said it is all part of the original agreement.
- Mr. Elash said correct, they are not billing the City for those additional opinions. He said he thinks there would be room for them to issue a bill because it is new legal work, but he has not billed them in the past.
- Mr. Tedesco said so potentially they could be being billed for that.
- Mr. Elash said potentially they could be billed for that but he has not issued a bill for the other work. He said what he told them was that he will not be billing them.
- Mayor Cherepko said the Bond Counsel on that is Don Brown. He said he doesn't believe he is billing them.
- Mr. Tedesco said that is what he is saying, if that is the case, maybe they should do it one time for all three years and do it all at once.
- Mayor Cherepko said he doesn't know if they could do it that way.
- Mr. Elash said the Ordinance requires that Bond Counsel actually review the original Ordinance and maturities at each and every withdrawal to be in accordance with the contract.

- Mr. Tedesco said what he is saying instead of doing three separate withdrawals
- Mr. Elash said each time they do one, they have to have the Bond Counsel give an opinion.
- Mayor Cherepko said he doesn't believe they are paying a separate bill for each, he really doesn't. He said he doesn't think they are getting billed for that. He said he thinks that was all a part of their fees and they paid that up front. He said they can verify that.
- Mr. Tedesco said he will get a definite answer on that and that way they will know.
- Mr. Malinchak said did he hear the Mayor say correctly that he will be asking for \$550,000.00 every year for the next three years.
- Mayor Cherepko said yes, he believes that is way it was set up.
- Mr. Elash said it reduces every year.
- Mayor Cherepko said it reduces because up front they are paying more interest and it is all based on the payments.
- Mr. Malinchak said the reason why he is asking is because he is a little bit puzzled by this. He said he has in front of him a November 14 memo put out by the former business manager where he broke down the distribution of the \$24,385,000. He said what he was projecting here was that they would need \$1.5 million this year, actually \$1,548,000 for principal and interest payments for 2012 and he has the same amount for principal and interest payments for 2013 and the same amount for 2014. He said how was the Mayor able to get it for \$1 million less than what he projected.

- Mayor Cherepko said he will be honest with Mr. Malinchak
- Mr. Malinchak said does he want this memo.
- Mayor Cherepko said what he would do is purely question his numbers, which went on all last year. He said all he knows is right now as they sit here, they are spending \$50,949.58 a month. He said if they do that, it works out to be \$612,000 a year. He said when they did all of these, they estimated so technically speaking they are paying more than the \$550,000 is going to take care of anyway.
- Mr. Malinchak said does he have a breakdown of that. He said would he give him that.
- Mr. Gergely said he will give him that.
- Mr. Elash said that is as of November 14, 2011. He said he was trying to factor in the refunding. He said when they got the \$24 million, those bonds were paid off and bonds were retired and he did not calculate it directly and did not realize the savings that the City actually incurred. He said that is why when he kept talking about the interest and everything, they were saying what the actual interest they were getting on the money they received but they reduced the expenditures that they were making for the debt service. He said that is a greater benefit than receiving interest on that money in the bank. He said it netted out to be a greater benefit to the City.
- Mayor Cherepko said he thought they were going to get \$1.5 million per year.
- Mr. Malinchak said when he goes to the budget and looks at the outstanding loans, it comes up to almost exactly that figure.

- Mayor Cherepko said the only thing he can think of which kind of makes sense and it is just a theory, not necessarily fact, but maybe he thought they were going to pay off \$10 million of their debt. He said if they would have paid off \$10 million of the debt, they would have taken their debt service payment from \$2.1 million maybe down to around \$1.5 million. He said he doesn't know but instead of paying 33% of the debt, they basically paid 66%-67% and it took the debt service down from \$2.1 million all the way to \$600,000. He said doesn't know what the difference is.
- Mr. Malinchak said if Matt could give him that breakdown tomorrow, he would appreciate it. He said Matt said he had it the other day.
- Mr. Gergely said he just asked for it and he said he would get it for him.
- Mr. Segina said does Mr. Tedesco have anything else.
- Ms. Walker-Montgomery said first she would like to give her condolences to the victims of violence, the family members who lost their lives, and to their families. She said yesterday they talked about it and then she and Mike, the Mayor, afterward talked about the rec centers in Crawford and Harrison possibly opening up later on, meaning after 5:00 p.m. She said she is going to continue to work with the Mayor on that. She said she also talked to the Solicitor about some Ordinances around loitering and cruising that she wanted to start looking into. She said she would also like to publicly thank the police for all the work that they have done. She said that is all she has.
- Mr. Dellapenna said he had nothing to report.
- Mr. Soles said he had nothing to report.
- Mr. Carr said he had nothing to report.

- Mr. McCall said he had nothing to report.
- Mr. Segina said the only thing he forgot to mention to the Mayor is the \$1.25 million in the T/A Note that they have too, which is looking at them. He said he assumes they have not paid anything on that right now.
 - Mayor Cherepko said out of the \$1.25 or actually \$1.5 million. He said Mr. Segina is right, \$1.25 million is what they used. He said they have not paid anything on that at this time and they have a strategy put into place and part of it is going to be what they have been doing. He said the money they are bringing in now for this, like the \$550,000, what they have been doing is setting money aside. He said technically speaking they were always obligated to set that money aside. He said they may actually ... when this money comes in they will pay that. He said the money they set aside now they can go out and say they have the money from here and they are going to pay some of that down.
 - Mr. Segina said they are holding back on the \$250,000 as far as spending it.
 - Mayor Cherepko said in his mind, the \$250,000 ... he and Matt just had this conversation today and he told him to pay that back because they are not going to use that. He said in addition to that, they probably want to make about another \$500,000 payment and that would cut it in half.
 - Mr. Segina said that is what they are going to get, they have not used it so they can pay it back.
 - Mayor Cherepko said they have not used it but they need it there just as a safety net. He said they are now going to ... hopefully in the next couple of weeks they will get this money, although they will not get this money until September. He said once this money

comes in they will probably end up having half of it paid.

- Mr. Segina said well they reached a milestone and he agrees with him on that.
- Mr. Segina said before they start on the New Business, there will be no August meeting. He said they take a hard-earned vacation because they work so hard during the other eleven months. He said this is what they do every year. He said it is the hottest month of the year and things slow down a little bit so in September they will go at it full blast.

CITIZENS IN THE AUDIENCE:

- No citizens wished to speak.

TABLED BILLS:

BILL #46: AN ORDINANCE OF THE CITY OF McKEESPORT, ALLEGHENY COUNTY, PENNSYLVANIA, AMENDING PROCEDURE 2, SECTION III-C OF ORDINANCE #79-4 TO ADD SUBPARAGRAPH 3, PROHIBITING ANY PERSON HOLDING A COMPENSATED, APPOINTIVE OR ELECTED POSITION FROM ALSO HOLDING A POSITION ON ANY BOARD, AUTHORITY OR COMMISSION WHERE SAID PERSON WOULD HAVE THE POWER TO SET OR PARTICIPATE IN SETTING POLICIES AND/OR CONDUCTING THE BUSINESS OF THE BOARD, AUTHORITY OR COMMISSION; PROVIDING FOR VARIOUS EXCEPTIONS; AND PROVIDING FOR REMOVAL AND/OR TERMINATION OF SAID PERSONS FOR VIOLATION OF THIS PROVISION.

- Bill #46 will remain on the Table until they have a revision and something that is suitable for everyone.

NEW BUSINESS:

ORDINANCE #12-14 – BILL #56: AN ORDINANCE OF THE CITY OF McKEESPORT, ALLEGHENY COUNTY, PENNSYLVANIA, AUTHORIZING WITHDRAWALS FROM THE ESCROW FUND OF THE CITY CREATED BY ORDINANCE NO. 11-14 OF 2011, SPECIFYING THE AUTHORIZED USES OF SALE ESCROWED PROCEEDS FROM THE ESCROW FUND PURSUANT TO ORDINANCE 11-14 OF 2011, PROVIDING FOR NECESSARY AUTHORIZATIONS AND OPINIONS REQUIRED IN CONNECTION THEREWITH, PROVIDING FOR AUTHORIZATION AND DIRECTION TO OFFICERS OF THE CITY; PROVIDING FOR REPEAL OF ANY INCONSISTENT ORDINANCES AND SETTING FORTH AN EFFECTIVE DATE.

MOTION: Mr. Tedesco moved, seconded by Mr. McCall, "To adopt Bill #56."

RC-3 YEAS: TEDESCO, CARR, McCALL, DELLAPENNA,
SOLES, WALKER-MONTGOMERY, SEGINA 7

NAYS: NONE..... 0

RESOLUTION #2012-39 – BILL #57: A RESOLUTION OF THE CITY OF McKEESPORT, ALLEGHENY COUNTY, PENNSYLVANIA, GRANTING PERMISSION TO ACTION-HOUSING, INC. TO CONSTRUCT A RETURN CURB AT 523 SINCLAIR STREET AT THE SIDE (SIXTH STREET) OF THEIR PROPERTY, McKEESPORT, PENNSYLVANIA.

MOTION: Mr. Tedesco moved, seconded by Ms. Walker-Montgomery "To adopt Bill #57."

RC-4 YEAS: TEDESCO, CARR, McCALL, DELLAPENNA,
SOLES, WALKER-MONTGOMERY, SEGINA 7

NAYS: NONE..... 0

RESOLUTION #2012-40 – BILL #58: A RESOLUTION OF THE CITY OF McKEESPORT, ALLEGHENY COUNTY, PENNSYLVANIA, AUTHORIZING THE PROPER CITY OFFICERS TO ENTER INTO AN AGREEMENT WITH ARKADIA CONTRACTING, INC. FOR JACOB WOLL PAVILION ROOF REPLACEMENT IN THE AMOUNT OF \$48,895.00.

MOTION: **Mr. Tedesco moved, seconded by Ms. Walker-Montgomery, "To adopt Bill #58."**

COMMENTS:

- Mr. McCall said is this going to be covered by the insurance.
- Mr. Gergely said they spoke about this last night and he wanted to update the Council that the insurance company has been contacted and they are coming to examine it. He said regardless of the vote this evening, as in the past, they can still pursue the insurance. He said that would be before they pay the contractors to do the work.
- Mayor Cherepko said that is why he was trying to get Mr. Elash's attention. He said he wanted to make sure legally, because as Mr. Tedesco said, they said they were okay but he wanted to make sure. He said all this means is that they still have the authority to enter into an agreement with their approval. He said they will not do that until they hear from the insurance company.
- Mr. Gergely said the insurance company has already been notified and it is all in the process. He said the adjuster and investigator will be out to look at the roof and then provide them with a report and he will share the findings with them.
- Mr. Elash said it should not affect the amount of the repairs but may affect the timing of when it is done. He said they have to wait until the insurance adjuster looks at it and makes their determination. He said they will then determine the amount of reimbursement for whatever portion they will cover.

- Mr. Segina said they could have the traffic inspector go out there too and inspect that so they have the proper yellow line there so no one blocks it or whatever signs they can put up for the curb cut.
- Mr. Gergely said this is for Jacob Woll Pavilion roof.
- Mr. Segina said he is sorry, they are on the next Bill. He said he was talking about the last Bill.

RC-5 YEAS: TEDESCO, CARR, McCALL, DELLAPENNA,
 SOLES, WALKER-MONTGOMERY, SEGINA 7

 NAYS: NONE..... 0

CONTROLLER'S REPORT:

- Mr. Malinchak said he has just one comment. He said has Mr. Gergely had an opportunity to determine whether there was any hail damage to any of their fleet or structures. He said he has damage to his vehicles.
 - Mr. Gergely said he is not sure about the fleet and will look into that. He said they are currently doing the investigations now for the structures with the insurance companies. He said he personally cannot do them.
 - Mr. Malinchak said just so they have the insurance companies looking at it and also their fleet if any were out during the storm. He said he thinks they should take a very careful look at their monthly statements because there are some numbers on here that just don't seem like the data going in is correct. He said he would wonder if Mr. Gergely will look at it.
 - Mr. Gergely said if he marks it down, he will look at it.
 - Mr. Malinchak said there is one case here that they are showing an individual that they budgeted \$0 but are

paying the employee actually to date, \$29,000. He said he knows it is not right and he knows they budgeted money. He said please take a look at that, thank you.

- Mr. Malinchak said he recommends that Council approve payment of the bills in the amount of \$42,418.51.

MOTION: **Mr. Tedesco moved, seconded by Ms. Walker-Montgomery, "To approve payment of the bills in the amount of \$42,418.51."**

RC-6 YEAS: TEDESCO, CARR, McCALL, DELLAPENNA,
 SOLES, WALKER-MONTGOMERY, SEGINA 7

 NAYS: NONE..... 0

ADJOURNMENT:

President of Council Segina adjourned the meeting at 7:45 p.m.

Respectfully submitted,

Patricia A. Williams
City Clerk and Clerk of Council

APPROVED:

Darryl Segina
President of Council

daw